

AN IDEAL SUPER-PAPER

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speaking, in its own person. From the application of this great economy to gold two consequences have followed; the first is that the effectiveness of gold as a standard of value has been weakened because this power that banks have given to it of circulating by substitute has obviously depreciated its value by enormously multiplying the effective supply of it. Depreciation in the buying power of money, and a consequent rise in prices, has consequently been a factor which has been almost constantly at work for centuries with occasional reactions, during which the process went the other way. Another consequence has been that people, seeing the ease with which pieces of paper can be multiplied, representing a right to gold which is only in exceptional cases exercised, have proceeded to ask whether there is really any necessity to have gold behind the paper at all, and whether it would not be possible to evolve some ideal form of super-paper which could take the place of gold as the basis of the ordinary paper which is created by the machinery of credit, which would be made exchangeable into it on demand instead of into gold.

It is difficult to say how far the events of the war have contributed to the agitation for the substitution for gold of some other form of international currency. It would, seem at first sight that the

position of gold at the centre of the
credit system
has been shaken owing to the fact that
in Sweden
and some other neutral countries the
obligation to
receive gold in payment for goods has
been for the
time being abrogated. The critics of
the gold